

DICKINSON STATE UNIVERSITY CENTER OF EXCELLENCE

DICKINSON, NORTH DAKOTA

INDEPENDENT ACCOUNTANTS' REPORT

ON APPLYING AGREED-UPON PROCEDURES

FOR THE YEAR ENDED JUNE 30, 2009

Roene J. Hulsing  
Certified Public Accountant  
Dickinson, North Dakota

**Roene J. Hulsing**  
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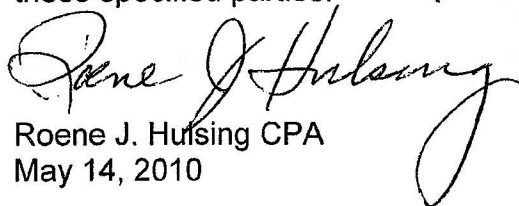
**Independent Accountants' Report on Applying Agreed-Upon Procedures**

**To the Specified Users of the Report:**  
Dickinson State University Center of Excellence  
State Board of Higher Education  
North Dakota Economic Development Foundation  
North Dakota Legislative Council

We have performed the procedures in Attachment A which were agreed to by the specified users of the report, as identified above, to assist the Dickinson State University Center of Excellence in meeting its financial accountability requirements as prescribed by the North Dakota Century Code 15-69-05.2 for the fiscal year ended June 30, 2009. Management of the Dickinson State University Center of Excellence is responsible for the Center's financial accountability and its compliance with those legal and contractual requirements. This agreed-upon procedures engagement was conducted in accordance with the attestation standards established by the American Institute of Certified Public Accountants and the fieldwork and reporting standards applicable to attestation engagements as contained in *Government Auditing Standards* of the Comptroller General of the United States of America. The sufficiency of the procedures is solely the responsibility of those parties specified in this report. Consequently, we make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose.

We were not engaged to and did not conduct an examination, the objective of which would be the expression of an opinion on compliance. Accordingly, we do not express such an opinion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

This report is intended solely for the information and use of the specified users, as identified above, and is not intended to be and should not be used by anyone other than these specified parties.

  
Roene J. Hulsing CPA  
May 14, 2010

## Attachment A

### Procedures and Findings

As of and for the fiscal year ended June 30, 2009:

1. Procedures Performed: From the disbursement letter the Center received from the Office of Management and Budget, we traced the amount of funding to the receipt of funds in the Center's accounting records.

Findings: No funding has been received since October 4, 2006, the initial start up of the Center of Excellence project.

2. Procedures Performed: From the annual Functional Review, we reviewed the Cash Match declared in application for COE funding and traced them to supporting documentation and to the accounting records.

Findings: We reviewed the annual Functional Review, the Cash Match declared in the Application for COE funding, and supporting documentation of pledges for the Center of Excellence. We also reviewed documentation found in the Dickinson State University Foundation, Inc.'s accounting records, recognizing these pledges as receivables. We found that Dickinson State University Foundation, Inc. recognizes the pledges through donor letters and keeps the funds designated in separate accounts. We found the criteria has been met, no corrective action is needed.

3. Procedures Performed: From the annual Functional Review, we reviewed the Contributions in Lieu of Cash and In-Kind Contributions declared in the application for COE funding and traced them to documents supporting the value.

Findings: In reviewing the annual Functional Review In-Kind Contributions from Dickinson State University, we found computations for the use of University or Private Partner Personnel and we found documentation supporting the In-Kind Contribution of Dickinson State University through the Strom Entrepreneurship Center. The Strom Entrepreneurship Center is funded entirely through private contributions. We found documentation supporting the Contributions in Lieu of Cash from Killdeer Mountain Manufacturing's USAF Scout funding outlined in the proposed budget. We found the criteria has been met, no corrective action is needed.

4. Procedures Performed: From the annual Functional Review, we reviewed the private sector jobs created and traced them to supporting documentation.



Findings: We found in reviewing a copy of the Strom Center Monitor Report that the center's efforts have helped Killdeer Mountain Manufacturing create 154 jobs. This is in accordance with the total jobs created to date stated in the Functional Review. We found the criteria has been met, no corrective action is needed.

5. Procedures Performed: From the Center's accounting records, we reviewed supporting documentation to determine that interest earned on the award proceeds was retained by the Center.

Findings: We found in the Center's accounting records, supporting documentation that interest earned on the award in the amount of \$4,010.05 was allocated and retained by the center. We found the criteria has been met, no corrective action is needed.

6. Procedures Performed: From the Center's accounting records, we reviewed a sample of expenditures to report any noted instances of noncompliance with NDCC 15-69-05.1 (use of funds) and to ensure funds were approved, supported with documentation and spent according to the purposes identified in the application for funding.

Findings: We found in reviewing a sample of expenditures from the Center's accounting record, no instance of noncompliance with NDCC 15-69-05.1 (use of funds). We found the criteria has been met, no corrective action is needed.

7. Procedures Performed: We reviewed a sample of labor charged to the grant and traced it to supporting effort-reporting documentation.

Findings: We found, in reviewing a sample of labor charged to the grant, that it was in accordance with supporting effort-reporting documentation. We found the criteria has been met, no corrective action is needed.

8. Procedures Performed: We reviewed the timelines that were provided with the application and discussed the actual timeline with management to ensure the center has properly disclosed material scope changes in Objective #7 of the Functional Review.

Findings: In reviewing the timeline provided in the application, we found that the Functional Review stated that "all COE funds will be expended a few months ahead of the scheduled timeline." Subsequent to discussing the actual timeline with Steve Glasser, the Executive Director of the Strom Center for Entrepreneurship and Innovation, we found that this is no longer a concern and that the funds will be expended as scheduled. We found the criteria has been met, no corrective action is needed.

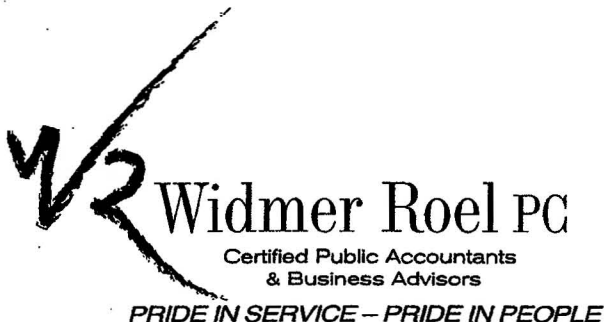


9. Procedures Performed: We reviewed the scope of the grant that was provided with the application and discussed the actual scope with management to ensure the center has properly disclosed material scope changes in Objective #10 of the Functional Review.

Findings: In reviewing the scope of the grant that was provided with the application and a copy of the Strom Center Monitor Report, we found that while there is not essentially a change in the scope there is a variation in the direction or focus of the grant. The center has begun targeting small businesses instead of the medium to large businesses. These smaller businesses have a greater need for the center's services whereas the medium to large businesses are well established and do not need the center's services. We found the criteria has been met, no corrective action is needed.

**VALLEY CITY STATE UNIVERSITY  
ENTERPRISE UNIVERSITY  
CENTER OF EXCELLENCE**

**REPORT APPLYING  
AGREED-UPON PROCEDURES  
JUNE 30, 2009**



Harris W. Widmer  
Charles E. Nord  
Stanley N. Sandvik  
Terrence P. Delaney  
Robert D. Dale  
Michael T. Schmitz

## INDEPENDENT ACCOUNTANT'S REPORT ON APPLYING AGREED-UPON PROCEDURES

### To the Specified Users of the Report:

Valley City State University Enterprise University Center of Excellence  
SBHE  
ND Economic Development Foundation  
ND Legislative Council

We have performed the procedures enumerated below which were agreed to by the specified users of the report, as identified above, to assist the **Valley City State University Enterprise University Center of Excellence** in meeting its financial accountability requirements as prescribed by ND Century Code 15-69-05.2 for the fiscal year ended June 30, 2009. Management of the **Valley City State University Enterprise University Center of Excellence** is responsible for the Center's financial accountability and its compliance with those legal and contractual requirements. This agreed-upon procedures engagement was conducted in accordance with the attestation standards established by the American Institute of Certified Public Accountants and the fieldwork and reporting standards applicable to attestation engagements as contained in *Government Auditing Standards* of the Comptroller General of the United States of America. The sufficiency of the procedures is solely the responsibility of those parties specified in this report. Consequently, we make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose.

### Procedures and Findings

As of and for the fiscal year ended June 30, 2009:

1. **Procedures Performed:** From the disbursement letter the Center received from OMB, we traced the amount of funding to the receipt of funds in the Center's accounting records.

**Findings:** No instances noted.

2. **Procedures Performed:** From the annual Functional Review, we reviewed the Cash Match declared in application for COE funding and traced them to supporting documentation and to the accounting records.

**Findings:** No instances noted.



3. **Procedures Performed:** From the annual Functional Review, we reviewed the Contributions in Lieu of Cash and In-Kind Contributions declared in application for COE funding and traced them to documents supporting the value.

**Findings:** No instances noted.

4. **Procedures Performed:** From the annual Functional Review, we reviewed the private sector jobs created and traced them to supporting documentation.

**Findings:** The Functional Review as of October 16, 2009 indicated 27 new private sector jobs; however, the actual number of private sector jobs created in North Dakota that could be supported as of the fiscal year ended June 30, 2009, consisted of 1 direct and 1 indirect job for a total of 2 jobs. Management has indicated that the Center's reports will be amended.

5. **Procedures Performed:** From the Center's accounting records, we reviewed supporting documentation to determine that interest earned on the award proceeds was retained by the Center.

**Findings:** No instances noted.

6. **Procedures Performed:** From the Center's accounting records, we reviewed a sample of expenditures to report any noted instances of noncompliance with NDCC 15-69-05.1 (use of funds) and to ensure funds were approved, supported with documentation and spent according to the purposes identified in the application for funding.

**Findings:** No instances noted.

7. **Procedures Performed:** We reviewed a sample of labor charged to the grant and traced it to supporting effort-reporting documentation.

**Findings:** No instances noted.

8. **Procedures Performed:** We reviewed the timelines that were provided with the application and discussed the actual timeline with management to ensure the Center has properly disclosed material timeline changes in Objective #7 of the Functional Review.

**Findings:** No instances noted.

9. **Procedures Performed:** We reviewed the scope of the grant that was provided with the application and discussed the actual scope with management to ensure the Center has properly disclosed material scope changes in Objective #10 of the Functional Review.

**Findings:** No instances noted.

The following procedure is for Centers that received distributions in FY06 and FY07 only. Centers were exempt from NDCC 54-60.1-01 with a change to the statute in 2007-09.

10. **Procedures Performed:** We reviewed business incentive agreements (as defined in NDCC Chapter 54-60.1-01(2)) provided to a business and valued at \$25,000 or more to report any noted instances of noncompliance with NDCC 54-60.1.

**Findings:** Not applicable – no business incentive agreements were noted.

We were not engaged to and did not conduct an examination, the objective of which would be the expression of an opinion on compliance. Accordingly, we do not express such an opinion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

This report is intended solely for the information and use of the specified users, as identified above, and is not intended to be and should not be used by anyone other than these specified parties.



Widmer Roel PC  
March 31, 2010

**INDEPENDENT ACCOUNTANT'S REPORT ON  
APPLYING AGREED-UPON PROCEDURES  
FOR THE LAKE REGION STATE COLLEGE  
DAKOTA CENTER FOR OPTIMIZED AGRICULTURE  
CENTER OF EXCELLENCE**

**JUNE 30, 2009**





CERTIFIED PUBLIC ACCOUNTANTS  
AND CONSULTANTS

**Independent Accountant's Report  
on Applying Agreed-Upon Procedures**

To the Specified Users of the Report:  
Lake Region State College Dakota Center for Optimized Agriculture Center of Excellence  
SBHE  
ND Economic Development Foundation  
ND Legislative Council

We have performed the procedures enumerated below which were agreed to by the specified users of the report, as identified above, to assist the Lake Region State College Dakota Center for Optimized Agriculture Center of Excellence in meeting its financial accountability requirements as prescribed by ND Century Code 15-69-05.2 for the fiscal year ended June 30, 2009. Management of the Lake Region State College Dakota Center for Optimized Agriculture Center of Excellence is responsible for the Center's financial accountability and its compliance with those legal and contractual requirements. This agreed-upon procedures engagement was conducted in accordance with the attestation standards established by the American Institute of Certified Public Accountants and the fieldwork and reporting standards applicable to attestation engagements as contained in *Government Auditing Standards* of the Comptroller General of the United States of America. The sufficiency of the procedures is solely the responsibility of those parties specified in this report. Consequently, we make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose.

**Procedures and Findings**

As of and for the fiscal year ended June 30, 2009:

1. **Procedures Performed:** From the disbursement letter the Center received from OMB, we traced the amount of funding to the receipt of funds in the Center's accounting records.

**Finding**

**Criteria:** The Functional Review information should be accurately completed from supporting information.

**Condition:** The amount of funding reported on the Functional Review as received was \$23,427 less than the amount calculated from supporting records.

**Cause:** No reconciliation was performed between amount reported on the Functional Review and the detailed supporting information.

**Effect:** The Functional Review was not accurate for the amount of funding received.

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Grand Forks, ND 58208-4296 (701) 775-4685 Fax (701) 795-7498

OTHER OFFICES: Minot and Bismarck, ND  
Thief River Falls, MN

**RSM McGladrey Network**  
An Independently Owned Member

**Recommendation:** We recommend management develop a procedure to reconcile all amounts reported on the Functional Review to detailed supporting records.

**Management's View and Corrective Action:** In our Functional Review we took the word disbursed to mean funds dispersed from Lake Region State College, that is why we have the amount of \$426,573. In talking with the staff at the Centers of Excellence office at the Department of Commerce in Bismarck, the word disbursed should have meant disbursed from the Dept. of Commerce, therefore the amount reported should have been \$450,000.

2. **Procedures Performed:** From the annual Functional Review, we reviewed the Cash Match declared in the application for COE funding and traced them to supporting documentation and to the accounting records.

**Findings:** Procedure is not applicable to this grant. Per review of the application for COE funding, no cash match was declared.

3. **Procedures Performed:** From the annual Functional Review, we reviewed the Contributions in Lieu of Cash and In-Kind Contributions declared in application for COE funding and traced them to documents supporting the value.

**Findings:** Noted as of June 30, 2009, the Center has matched \$1,076,702 of the total in-kind contributions declared in the application of \$435,577.

4. **Procedures Performed:** From the annual Functional Review, we reviewed the private sector jobs created and traced them to supporting documentation.

**Findings:** No findings noted.

5. **Procedures Performed:** From the Center's accounting records, we reviewed supporting documentation to determine that interest earned on the award proceeds was retained by the Center.

**Findings:** No findings noted.

6. **Procedures Performed:** From the Center's accounting records, we reviewed a sample of fifteen expenditures to report any noted instances of noncompliance with NDCC 15-69-05.1 (use of funds) and to ensure funds were approved, supported with documentation and spent according to the purposes identified in the application for funding.

**Findings:** No findings noted.

7. **Procedures Performed:** We reviewed a sample of fifteen transactions of labor charged to the grant and traced them to supporting effort-reporting documentation.

**Findings:** No findings noted.

8. **Procedures Performed:** We reviewed the timelines that were provided with the application and discussed the actual timeline with management to ensure the center has properly disclosed material timeline changes in Objective #7 of the Functional Review.

**Findings:** No findings noted. Per discussion with management no material timeline changes were noted.

9. **Procedures Performed:** We reviewed the scope of the grant that was provided with the application and discussed the actual scope with management to ensure the center has properly disclosed material scope changes in Objective #10 of the functional review.

**Findings:** No findings noted. Per discussion with management no material scope changes were noted.

10. **Procedures Performed:** We reviewed business incentive agreements (as defined in NDCC Chapter 54-60.1-01(2)) provided to a business and valued at \$25,000 or more to report any noted instances of noncompliance with NDCC 54-60.1.

**Findings:** No findings noted.

We are not engaged to and did not conduct an examination, the objective of which would be the expression of an opinion on compliance. Accordingly, we do not express such an opinion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

This report is intended solely for the information and use of the specified users, as identified above, and is not intended to be and should not be used by anyone other than these specified parties.

  
Brady, Martz and Associates, P.C.

May 14, 2010



**INDEPENDENT ACCOUNTANT'S REPORT ON  
APPLYING AGREED-UPON PROCEDURES  
FOR THE UND RESEARCH FOUNDATION  
CENTER OF EXCELLENCE IN LIFE SCIENCES  
AND ADVANCED TECHNOLOGIES**

**JUNE 30, 2009**



CERTIFIED PUBLIC ACCOUNTANTS  
AND CONSULTANTS

## **Independent Accountant's Report on Applying Agreed-Upon Procedures**

To the Specified Users of the Report:  
UND Research Foundation  
Center of Excellence in Life Sciences and Advanced Technologies  
SBHE  
ND Economic Development Foundation  
ND Legislative Council

We have performed the procedures enumerated below which were agreed to by the specified users of the report, as identified above, to assist the UND Research Foundation Center of Excellence in Life Sciences and Advanced Technologies in meeting its financial accountability requirements as prescribed by ND Century Code 15-69-05.2 for the fiscal year ended June 30, 2009. Management of the UND Research Foundation Center of Excellence in Life Sciences and Advanced Technologies is responsible for the Center's financial accountability and its compliance with those legal and contractual requirements. This agreed-upon procedures engagement was conducted in accordance with the attestation standards established by the American Institute of Certified Public Accountants and the fieldwork and reporting standards applicable to attestation engagements as contained in *Government Auditing Standards* of the Comptroller General of the United States of America. The sufficiency of the procedures is solely the responsibility of those parties specified in this report. Consequently, we make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose.

### **Procedures and Findings**

As of and for the fiscal year ended June 30, 2009:

1. **Procedures Performed:** From the disbursement letter the Center received from OMB, we traced the amount of funding to the receipt of funds in the Center's accounting records.

**Findings:** No findings noted. All funds were received in the prior year.

2. **Procedures Performed:** From the annual Functional Review (dated June 30, 2009), we reviewed the Cash Match declared in the application for COE funding and traced them to supporting documentation and to the accounting records.

**Findings:** No findings noted. The amounts received by the end of June 30, 2009 exceeded the original amounts pledged by \$2,500,000.

3. **Procedures Performed:** From the annual Functional Review, we reviewed the Contributions in Lieu of Cash and In-Kind Contributions declared in application for COE funding and traced them to documents supporting the value.

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**Findings:** This requirement is not applicable to this grant.

4. **Procedures Performed:** From the annual Functional Review, we reviewed the private sector jobs created and traced them to supporting documentation.

**Findings:** As of June 30, 2009 UND Research Foundation had 10 full-time employees. The projected annual average salary per employee for the ten employees is approximately \$63,000 including benefits. This information was traced to accounting records for the last payroll in June of 2009.

In addition to the Foundation employees reported on the Functional Review, management also included an estimate of jobs created as a result of the building construction. These jobs were held by employees of the various North Dakota Contractors that worked on the construction project. We reviewed information supporting management's assumptions as noted. We were provided with two pieces of source information to arrive at the 22 jobs listed in the Functional Review report. The first piece of information represented North Dakota contractors paid by UNDRF which totaled \$697,760. These payments were traced to ledger payments made for the building. The second piece of information used came from North Dakota contractor invoices paid through PCL which totaled \$3,336,217. We also were able to trace these payments to invoices paid by UNDRF through PCL. These payments were traced to invoices. The total of each piece of information was multiplied times 55% which management made the assumption that this was a reasonable rate of the invoice total that would relate to labor hours. In addition management estimated \$48 cost per hour per employee based on prior year calculations from their engineer which we reviewed. The following is management's calculation of the 22 jobs:

PCL ND Contractor Payments at 55%	\$	1,834,949
Other ND Contractor Payments at 55%		<u>383,768</u>
Total Contractor Payments	\$	2,218,717
Estimated Hourly Rate	\$	48
Total Hours for One Employee		<u>2,080</u>
Total Estimated Salary for one Person	\$	99,840
Total Estimated Jobs Created		<u><u>22</u></u>

Management also included in the Functional Review jobs created for other business located within the REAC building. We were able to trace all 50 jobs to emails received from the various businesses supporting the jobs.

5. **Procedures Performed:** From the Center's accounting records, we reviewed supporting documentation to determine that interest earned on the award proceeds was retained by the Center.

**Findings:** No findings noted. All proceeds were spent in the prior year.



6. **Procedures Performed:** From the Center's accounting records, we reviewed 10 expenditures to report any noted instances of noncompliance with NDCC 15-69-05.1 (use of funds) and to ensure funds were approved, supported with documentation and spent according to the purposes identified in the application for funding.

**Findings:** No findings noted. All proceeds were spent in the prior year.

7. **Procedures Performed:** Review a sample of 10 of labor charged to the grant and traced it to supporting effort-reporting documentation.

**Findings:** There is no labor charged to this grant.

8. **Procedures Performed:** We reviewed the timelines that were provided with the application and discussed the actual timeline with management to ensure the Center has properly disclosed material timeline changes in Objective #6 of the Functional Review.

**Findings:** In discussion with management, the project is behind the timeline as listed in the approved application. The project start date was postponed six months due to the delayed funding approval by the U.S. Economic Development Administration. The initial postponement caused further delays due to rebidding of construction contracts and inclement weather. Initial completion date for the building was August 1, 2007. Actual completion date of the building was in the spring of 2009.

9. **Procedures Performed:** We reviewed the scope of the grant that was provided with the application and discussed the actual scope with management to ensure the center has properly disclosed material scope changes in Objective #9 of the functional review.

**Findings:** No findings noted.

10. **Procedures Performed:** We reviewed business incentive agreements (as defined in NDCC Chapter 54-60.1-01(2)) provided to a business and valued at \$25,000 or more to report any noted instances of noncompliance with NDCC 54-60.1.

**Findings:** This is not applicable to this grant.

We are not engaged to and did not conduct an examination, the objective of which would be the expression of an opinion on compliance. Accordingly, we do not express such an opinion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

This report is intended solely for the information and use of the specified users, as identified above, and is not intended to be and should not be used by anyone other than these specified parties.



Brady, Martz and Associates, P.C.

May 11, 2010

Report on Agreed-Upon Procedures  
June 30, 2009

# The Bismarck State College Foundation



**INDEPENDENT ACCOUNTANT'S REPORT  
ON APPLYING AGREED-UPON PROCEDURES**

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To the Specified Users of the Report  
The Bismarck State College Foundation  
SBHE  
ND Economic Development Foundation  
ND Legislative Council  
Bismarck, North Dakota

We have performed the procedures as enumerated in the accompanying description of procedures and findings which were agreed to by the specified users of the report, as identified above, to assist The Bismarck State College Foundation in meeting its financial accountability requirements as prescribed by ND Century Code 15-69-05.2 for the year ended June 30, 2009. The Bismarck State College Foundation's management is responsible for the Company's financial accountability and its compliance with those legal and contractual requirements. This agreed-upon procedures engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants and the fieldwork and reporting standards applicable to attestation engagements as contained in *Government Auditing Standards* of the Comptroller General of the United States of America. The sufficiency of these procedures is solely the responsibility of those parties specified in this report. Consequently, we make no representation regarding the sufficiency of the procedures described in the accompanying Description of Procedures either for the purpose for which this report has been requested or for any other purpose.

The procedures we performed and the accounts to which they pertained and our findings relative thereto are set forth in the accompanying description of procedures and findings which is an integral part of this report.

We were not engaged to, and did not conduct an audit, the objective of which would be the expression of an opinion on The Bismarck State College Foundation's financial statements or accounting records. Accordingly, we do not express such an opinion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

This report is intended solely for the information and use of the specified users, as identified above, and is not intended to be and should not be used by anyone other than those specified parties.

*Eide Bailly LLP*

Bismarck, North Dakota  
April 6, 2010

**THE BISMARCK STATE COLLEGE FOUNDATION**  
**DESCRIPTION OF PROCEDURES AND FINDINGS**  
**JUNE 30, 2009**

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This section of the report describes the procedures that were performed and any findings resulting from the performing of those procedures.

1. There were no additional disbursements during the year in which procedures were performed.
2. We reviewed the cash match declared in the application for Centers of Excellence funding and traced all thirteen contributions listed to supporting documentation.
3. There were no additional contributions in lieu of cash or in-kind contributions to which procedures would have applied to in the current year.
4. We reviewed the application section regarding the creation of private sector jobs with management. Per discussion with management, The Bismarck State College Energy Center of Excellence will not be creating specific private sector jobs, other than the construction jobs specifically created for constructing the Center. However, the energy industry and new plant construction is expecting major growth over the next few years and a large portion of the permanent positions that will be created are directly related to the training and education that will flow through the Bismarck State College Energy Center of Excellence. There were 17 jobs created as a result of the Center of Excellence. We applied procedures to obtain supporting documentation for this amount.
5. There was no interest earned on award proceeds in the current year.
6. We reviewed two, (which represent all), expenditures to report any noted instances of noncompliance with NDCC 15-69-05.1 and to ensure funds were approved, supported with documentation and spent according to the purposes identified in the application for funding.
7. We did not note any additional labor charges to which procedures would have applied to in the current year.
8. We reviewed the timelines that were provided in the application and discussed the actual timeline with management to ensure the Foundation has properly disclosed material timeline changes. There were no material timeline changes from the application to actual progress.
9. We reviewed the scope of the grant that was provided with the application and discussed the actual scope with management to ensure the Foundation has properly disclosed material scope changes. There were no material scope changes from the application to actual progress.
10. There were no business incentive agreements provided to a business and valued at \$25,000 or more to report any noted instances of noncompliance with NDCC 54-60.1 during the year ending June 30, 2009.



**INDEPENDENT ACCOUNTANT'S REPORT ON  
APPLYING AGREED-UPON PROCEDURES  
FOR THE UNIVERSITY OF NORTH DAKOTA  
ENERGY AND ENVIRONMENTAL RESEARCH CENTER**

**JUNE 30, 2009**



CERTIFIED PUBLIC ACCOUNTANTS  
AND CONSULTANTS

## INDEPENDENT ACCOUNTANT'S REPORT ON APPLYING AGREED-UPON PROCEDURES

### To the Specified Users of the Report:

University of North Dakota Energy and Environmental Research National Center for  
Hydrogen Technology Facility Center of Excellence  
SBHE  
ND Economic Development Foundation  
ND Legislative Council

We have performed the procedures in Attachment A which were agreed to by the specified users of the report, as identified above, to assist the University of North Dakota Energy and Environmental Research Center of Excellence in meeting its financial accountability requirements as prescribed by ND Century Code 15-69-05.2 for the fiscal year ended June 30, 2009. Management of the University of North Dakota Center Energy and Environmental Research Center of Excellence is responsible for the Center's financial accountability and its compliance with those legal and contractual requirements. This agreed-upon procedures engagement was conducted in accordance with the attestation standards established by the American Institute of Certified Public Accountants and fieldwork and reporting standards applicable to attestation engagements as contained in *Government Auditing Standards* of the Comptroller General of the United States of America. The sufficiency of the procedures is solely the responsibility of those parties specified in the report. Consequently, we make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose.

### Procedures and Findings

As of and for the fiscal year ended June 30, 2009:

1. **Procedures Performed:** From the disbursement letter the Center received from OMB, we traced the amount of funding to the receipt of funds in the Center's accounting records.

**Findings:** No findings noted.

2. **Procedures Performed:** From the annual Functional Review, we reviewed the Cash Match declared in application for COE funding and traced them to supporting documentation and to the accounting records.

**Findings:** Noted as of June 30, 2009, the Center had received \$8,814,208 of the total cash match amount declared in the application of \$8,814,208.

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OTHER OFFICES: Minot and Bismarck, ND  
Thief River Falls, MN

**RSM McGladrey Network**  
An Independently Owned Member

3. **Procedures Performed:** From the annual Functional Review, we reviewed the Contributions in Lieu of Cash and the In-Kind Contributions declared in the application for COE funding and traced them to documents supporting the value.

**Findings:** Noted as of June 30, 2009, the Center had matched \$529,569 of the total in-kind contributions declared in the application of \$529,569.

4. **Procedures Performed:** From the annual Functional Review, we reviewed the private sector jobs created and traced them to supporting documentation.

**Findings:** No findings noted.

5. **Procedures Performed:** From the Center's accounting records, we reviewed supporting documentation to determine that interest earned on the award proceeds was retained by the Center.

**Findings:** No findings noted.

6. **Procedures Performed:** From the Center's accounting records, we reviewed a sample of 25 expenditures searching for any noted instances of noncompliance with NDCC 15-69-05.1 (use of funds) and to ensure funds were approved, supported with documentation and spent according to the purposes identified in the application for funding.

**Findings:** Per review of the general ledger detail for this grant, there was only one expenditure during the reporting period. We reviewed the expenditure and no findings were noted.

7. **Procedures Performed:** We reviewed a sample of 20 labor expenditures charged to the grant and traced them to supporting effort-reporting documentation.

**Findings:** Per review of the general ledger detail for this grant, there was no labor charged to this grant and therefore this procedure was not applicable.

8. **Procedures Performed:** We reviewed the timelines that were provided with the application and discussed the actual timeline with management to ensure the Center has properly disclosed material timeline changes in Objective #6 of the Functional Review.

**Findings:** Project was noted as being on time. No findings noted.

9. **Procedure Performed:** We reviewed the scope of the grant that was provided with the application and discussed the actual scope with management to ensure the Center has properly disclosed material scope changes in Objective #9 of the Functional Review.

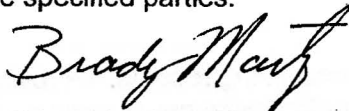
**Findings:** No substantial variations were noted. No findings noted.

**10. Procedures Performed:** We reviewed business incentive agreements (as defined in NDCC Chapter 54-60.1-02 (2)) provided to a business and valued at \$25,000 or more to report any noted instances of noncompliance with NDCC 54-60.1.

**Findings:** Not applicable, based on the review of objective twelve in the Functional Review and discussion with management, the Center of Excellence had no funds from the grant that were given directly to a private sector partner as a business incentive.

We were not engaged to and did not conduct an examination, the objective of which would be the expression of an opinion on compliance. Accordingly, we do not express such an opinion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

This report is intended solely for the information and use of the specified users, as identified above, and is not intended to be and should not be used by anyone other than these specified parties.



BRADY, MARTZ & ASSOCIATES, P.C.

May 11, 2010





Agreed Upon Procedures  
June 30, 2009

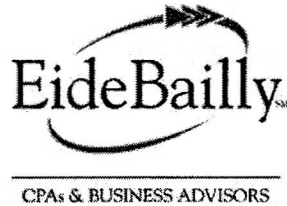
**North Dakota State University**  
**Center for Excellence Grants**

**NORTH DAKOTA STATE UNIVERSITY**

Table of Contents

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	<b><u>Page</u></b>
<b>INDEPENDENT ACCOUNTANT'S AGREED UPON PROCEDURES REPORT</b>	<b>1</b>
<b>PROCEDURES AND FINDINGS RELATED TO CENTER FOR EXCELLENCE GRANTS</b>	<b>2</b>



## INDEPENDENT ACCOUNTANT'S REPORT

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**NORTH DAKOTA STATE UNIVERSITY**  
Fargo, North Dakota

Specified Users of this Report:

NORTH DAKOTA STATE UNIVERSITY Center of Excellence  
SBHE  
ND Economic Development Foundation  
ND Legislative Council

We have performed the procedures detailed on the following pages which were agreed to by the specific users of the report, as identified above, to assist the North Dakota State University Center for Excellence in meeting its financial accountability requirements as prescribed by ND Century Code 15-69-05.2 for the fiscal year ended June 30, 2009. Management of the North Dakota State University Center for Excellence is responsible for the Center's financial accountability and its compliance with those legal and contractual requirements. This agreed-upon procedure engagement was conducted in accordance with the attestation standards established by the American Institute of Certified Public Accountants and the fieldwork and reporting standards applicable to attestation engagements as contained in *Government Auditing Standards* of the Comptroller General of the United States of America. The sufficiency of the procedures is solely the responsibility of those parties specified in the report. Consequently, we make no representation regarding the sufficiency of the procedures described on the following pages either for the purpose for which this report has been requested or for any other purpose.

We were not engaged to and did not conduct an examination, the objective of which would be the expression of an opinion on compliance. Accordingly, we do not express such an opinion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

This report is intended solely for the information and use of the specified users, as identified above, and is not intended to be and should not be used by anyone other than these specified parties.

*Eide Bailly LLP*

Fargo, North Dakota  
May 5, 2010

**NORTH DAKOTA STATE UNIVERSITY**  
**CENTER FOR EXCELLENCE GRANTS**  
**JUNE 30, 2009**

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**PROCEDURES AND FINDINGS**

These procedures and findings are reported on the following Center for Excellence Grants:

- Surface Protection
- Advanced Electronics Design and Manufacturing
- AgBiotechnology

As of and for the fiscal year ended June 30, 2009

1. **Procedures Performed:** From the disbursement letter the Center received from the OMB, we traced the amount of funding to the receipt of funds in the Center's accounting records.

**Findings:** *None noted*

2. **Procedures Performed:** From the annual Functional Review, we reviewed the Cash Match declared in application for COE funding and traced them to supporting documentation and to the accounting records.

**Findings:**

- 1) *The functional review for the COE – Surface Protection stated that they had received \$120,000 during the year ended June 30, 2009 from AkzoNobel. Supporting documentation and the accounting records showed that they only received \$9,598.*
- 2) *The functional review for the COE – Surface Protection stated that they had received \$50,000 during the year ended June 30, 2009 from United State Automotive Partnership. Supporting documentation and the accounting records showed that they only received \$35,925.*
- 3) *The functional review for the COE – Surface Protection stated that they had received \$11,090 during the year ended June 30, 2009 from Invista. Supporting documentation and the accounting records showed that they did not receive any cash match.*
- 4) *The functional review for the COE – AGBIO Technology stated that they had received \$187,500 during the year ended June 30, 2009 from Monsanto. Supporting documentation and the accounting records showed that they only received \$125,000.*
- 5) *The functional review for the COE – AGBIO Technology stated that they had received \$18,091 during the year ended June 30, 2009 from ND SBARE. Supporting documentation and the accounting records showed that they did not receive any cash match.*
- 6) *The functional review for the COE – AGBIO Technology stated that they had received \$6,040 during the year ended June 30, 2009 from Northern Canola Growers Association. Supporting documentation and the accounting records showed that they only received \$4,316.*
- 7) *The functional review for the COE – AGBIO Technology stated that they had received \$77,300 during the year ended June 30, 2009 from USDA/CSREES. Supporting documentation and the accounting records showed that they did not receive any cash match.*

3. **Procedures Performed:** From the annual Functional Review, we reviewed the Contributions in Lieu of Cash and In-Kind Contributions declared in application for COE funding and traced them to documents supporting the value.

**Findings:** *None noted*



## CENTER FOR EXCELLENCE GRANTS

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4. **Procedures Performed:** From the annual Functional Review, we reviewed the private sector jobs created and traced them to supporting documentation.

**Findings:** *None noted*

5. **Procedures Performed:** From the Center's accounting records, we reviewed supporting documentation to determine that interest earned on the award proceeds was retained by the Center.

**Findings:** *None noted*

6. **Procedures Performed:** From the Center's accounting records, we reviewed a selection of expenditures to report any noted instances of non-compliance with NDCC15-69-05.1 (use of funds) and to ensure funds were approved, supported with documentation and spent according to the purposes identified in the application for funding. For each Center for Excellence grant, for each year reported on (except in some cases where the grant had not incurred any expenditures as of June 30, 2009), we reviewed 40 expenditures. The selection of 40 expenditures included both payroll and non payroll expenditures.

**Findings:** *None noted*

7. **Procedures Performed:** We reviewed a selection of labor charged to the grant and traced it to supporting effort-reporting documentation. For each Center for Excellence grant, for each year reported on, we reviewed 40 expenditures. The selection of 40 expenditures included both payroll and non payroll expenditures.

**Findings:** *None noted*

8. **Procedures Performed:** We reviewed the scope of the grant that was provided with the application and discussed the actual scope with management to ensure the center has properly disclosed material scope changes in Objective #10 of the Functional Review.

**Findings:** *None noted*

9. **Procedures Performed:** We reviewed the timeline of the grants that was provided with the application and discussed the actual timeline with management to ensure the center has properly disclosed material timeline changes in Objective #7 of the Functional Review.

**Findings:** *None noted*

**INDEPENDENT ACCOUNTANT'S REPORT ON  
APPLYING AGREED-UPON PROCEDURES  
FOR THE UNIVERSITY OF NORTH DAKOTA  
UASs AND SIMULATION APPLICATION  
CENTER OF EXCELLENCE**

**JUNE 30, 2009**



CERTIFIED PUBLIC ACCOUNTANTS  
AND CONSULTANTS

## INDEPENDENT ACCOUNTANT'S REPORT ON APPLYING AGREED-UPON PROCEDURES

To the Specified Users of the Report:

University of North Dakota UASs and Simulation Applications Center of Excellence  
SBHE  
ND Economic Development Foundation  
ND Legislative Council

We have performed the procedures in Attachment A which were agreed to by the specified users of the report, as identified above, to assist the University of North Dakota UASs and Simulation Application Center of Excellence in meeting its financial accountability requirements as prescribed by ND Century Code 15-69-05.2 for the fiscal year ended June 30, 2009. Management of the University of North Dakota UASs and Simulation Applications Center of Excellence is responsible for the Center's financial accountability and its compliance with those legal and contractual requirements. This agreed-upon procedures engagement was conducted in accordance with the attestation standards established by the American Institute of Certified Public Accountants and fieldwork and reporting standards applicable to attestation engagements as contained in *Government Auditing Standards* of the Comptroller General of the United States of America. The sufficiency of the procedures is solely the responsibility of those parties specified in the report. Consequently, we make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose.

### Procedures and Findings

As of and for the fiscal year ended June 30, 2009:

1. **Procedures Performed:** From the disbursement letter the Center received from OMB, we traced the amount of funding to the receipt of funds in the Center's accounting.

### Finding

**Criteria:** The Functional Review information should be accurately completed from supporting information.

**Condition:** The amount of funding reported on the Functional Review as received was \$830,054 less than the amount calculated from supporting records.

**Cause:** No reconciliation was performed between amount reported on the Functional Review and the detailed supporting information.

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**Effect:** The Functional Review was not accurate for the amount of funding received.

**Recommendation:** We recommend management develop a procedure to reconcile all amounts reported on the Functional Review to detailed supporting records.

**Management's View and Corrective Action:** We concur with the findings concerning the amount of funds received. The Functional Review did not include a payment received in May 2008. The funding for the UAS project has been paid in full. UAS will continue to input this information in the Functional Review. The data will be reviewed by the Grants and Contracts Administration before final submission to the State for all future reporting.

2. **Procedures Performed:** From the annual Functional Review, we reviewed the Cash Match declared in application for COE funding and traced them to supporting documentation and to accounting records.

#### **Finding**

**Criteria:** The Functional Review information should be accurately completed from supporting information.

**Condition:** One cash match reported on the Functional Review was \$9,913 less than the amount shown in the supporting records.

**Cause:** No reconciliation was performed between amount reported on the Functional Review and the detailed supporting information.

**Effect:** The Functional Review was not accurate for the amount of funding received.

**Recommendation:** We recommend management develop a procedure to reconcile all amounts reported on the Functional Review to detailed supporting records.

**Management's View and Corrective Action:** We concur with the findings concerning the UAV cash match. UAV inadvertently excluded the direct costs from the cash match total for project, UND0005495, during the July 2006 through July 2007 period. The indirect costs were reported. UAV will extensively review data entered in the Functional Review to ensure information is correct and accurate for all future reporting.

3. **Procedures Performed:** From the annual Functional Review, we reviewed the Contributions in Lieu of Cash and In-Kind Contributions declared in application for COE funding and traced them to documents supporting the value.

**Findings:** Noted as of June 30, 2009, the Center had received \$1,350,156 of the total in-kind contributions declared in the application of \$2,150,000.



4. **Procedures Performed:** From the annual Functional Review, we reviewed the private sector jobs created and traced them to supporting documentation.

**Findings:** No findings noted.

5. **Procedures Performed:** From the Center's accounting records, we reviewed supporting documentation to determine that interest earned on the award proceeds was retained by the Center.

**Findings:** No findings noted.

6. **Procedures Performed:** From the Center's accounting records, we reviewed a sample of 25 expenditures to report any noted instances of noncompliance with NDCC 15-69-05.1 (use of funds) and to ensure funds were approved, supported with documentation and spent according to the purposes identified in the application for funding.

**Findings:** No findings noted.

7. **Procedures Performed:** We reviewed a sample of 20 items of labor charged to the grant and traced it to supporting effort-reporting documentation.

**Findings:** No findings noted.

8. **Procedures Performed:** We reviewed the timeliness that were provided with the application and discussed the actual timeline with management to ensure the Center has properly disclosed material timeline changes in Objective #7 of the Functional Review.

**Findings:** Project was moved back approximately one year to consolidate award 1 and award 2 funding. No findings noted as timeline change appears properly disclosed.

9. **Procedure Performed:** We reviewed the scope of the grant that was provided with the application and discussed the actual scope with management to ensure the Center has properly disclosed material scope changes in Objective #10 of the Functional Review.

**Findings:** No substantial variations were noted. No findings noted.

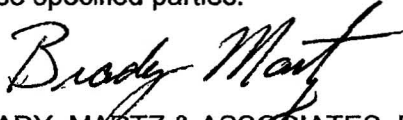
10. **Procedures Performed:** We reviewed business incentive agreements (as defined in NDCC Chapter 54-60.1-02 (2)) provided to a business and valued at \$25,000 or more to report any noted instances of noncompliance with NDCC 54-60.1.

**Findings:** Not applicable, based on the review of objective twelve in the Functional Review, the Center of Excellence did not have any funds from the grant that were given directly to a private sector partner as a business incentive.

We are not engaged to and did not conduct an examination, the objective of which would be the expression of an opinion on compliance. Accordingly, we do not express such an

opinion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

This report is intended solely for the information and use of the specified users, as identified above, and is not intended to be and should not be used by anyone other than these specified parties.

A handwritten signature in cursive script, reading "Brady Martz". The signature is written in black ink and is positioned above the printed name of the firm.

BRADY, MARTZ & ASSOCIATES, P.C.

May 11, 2010

## **Independent Accountant's Report on Applying Agreed-Upon Procedures**

To the Specified Users of the Report:  
Petroleum Safety and Technology Center of Excellence  
SBHE  
ND Economic Development Foundation  
ND Legislative Council

We have performed the procedures in Attachment A which were agreed to by the specified users of the report, as identified above, to assist the Petroleum Safety and Technology Center of Excellence in meeting its financial accountability requirements as prescribed by ND Century Code 15-69-05.2 for the fiscal year ended June 30, 2009. Management of the Williston State College Petroleum Safety and Technology Center of Excellence is responsible for the Center's financial accountability and its compliance with those legal and contractual requirements. This agreed-upon procedures engagement was conducted in accordance with the attestation standards established by the American Institute of Certified Public Accountants and the fieldwork and reporting standards applicable to attestation engagements as contained in *Government Auditing Standards* of the Comptroller General of the United States of America. The sufficiency of the procedures is solely the responsibility of those parties specified in this report. Consequently, we make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose.

### **Procedures and Findings**

As of and for the fiscal year ended June 30, 2009:

1. **Procedures Performed:** From the disbursement letter the Center received from OMB, we traced the amount of funding to the receipt of funds in the Center's accounting records.

**Findings:** No exemptions were noted as a result of procedures performed.

2. **Procedures Performed:** From the annual Functional Review, we reviewed the Cash Match declared in application for COE funding and traced them to supporting documentation and to the accounting records.

**Findings:** No exemptions were noted as a result of procedures performed.

3. **Procedures Performed:** From the annual Functional Review, we reviewed the Contributions in Lieu of Cash and In-Kind Contributions declared in application for COE funding and traced them to documents supporting the value

**Findings:** No exemptions were noted as a result of procedures performed.

4. **Procedures Performed:** From the annual Functional Review, we reviewed the private sector jobs created and traced them to supporting documentation.

**Findings:** No exemptions were noted as a result of procedures performed.



5. **Procedures Performed:** From the Center's accounting records, we reviewed supporting documentation to determine that interest earned on the award proceeds was retained by the Center.

**Findings:** No exemptions were noted as a result of procedures performed.

6. **Procedures Performed:** From the Center's accounting records, we reviewed a sample of expenditures to report any noted instances of noncompliance with NDCC 15-69-05.1 (use of funds) and to ensure funds were approved, supported with documentation and spent according to the purposes identified in the application for funding.

**Findings:** No exemptions were noted as a result of procedures performed.

7. **Procedures Performed:** We reviewed a sample of labor charged to the grant and traced it to supporting effort-reporting documentation.

**Findings:** No exemptions were noted as a result of procedures performed. No labor has been charged to the grant.

8. **Procedures Performed:** We reviewed the timelines that were provided with the application and discussed the actual timeline with management to ensure the center has properly disclosed material timeline changes in Objective #6 of the Functional Review.

**Findings:** No exemptions were noted as a result of procedures performed.

9. **Procedures Performed:** We reviewed the scope of the grant that was provided with the application and discussed the actual scope with management to ensure the center has properly disclosed material scope changes in Objective #9 of the Functional Review.

**Findings:** No exemptions were noted as a result of procedures performed.

The following procedure is for center's that received distributions in FY06 and FY07 only. Centers were exempt from NDCC 54-60.1-01 with a change to the statute in 2007-09.

10. **Procedures Performed:** We reviewed business incentive agreements (as defined in NDCC Chapter 54-60.1-01(2)) provided to a business and valued at \$25,000 or more to report any noted instances of noncompliance with NDCC 54-60.1.

**Findings:** No exemptions were noted as a result of procedures performed. No business incentive agreements are provided as part of the grant.

We were not engaged to and did not conduct an examination, the objective of which would be the expression of an opinion on compliance. Accordingly, we do not express such an opinion. Had we



performed additional procedures, other matters might have come to our attention that would have been reported to you.

This report is intended solely for the information and use of the specified users, as identified above, and is not intended to be and should not be used by anyone other than these specified parties.

BRADY MARTZ & ASSOCIATES, P.C.

May 18, 2010

DRAFT

**INDEPENDENT ACCOUNTANT'S REPORT ON  
APPLYING AGREED-UPON PROCEDURES  
FOR THE UNIVERSITY OF NORTH DAKOTA  
SPACE TECHNOLOGY AND OPERATIONS  
CENTER OF EXCELLENCE**

**JUNE 30, 2009**



CERTIFIED PUBLIC ACCOUNTANTS  
AND CONSULTANTS

## INDEPENDENT ACCOUNTANT'S REPORT ON APPLYING AGREED-UPON PROCEDURES

To the Specified Users of the Report:

University of North Dakota Space Technology and Operations Center of Excellence  
SBHE  
ND Economic Development Foundation  
ND Legislative Council

We have performed the procedures in Attachment A which were agreed to by the specified users of the report, as identified above, to assist the University of North Dakota Space Technology and Operations Center of Excellence in meeting its financial accountability requirements as prescribed by ND Century Code 15-69-05.2 for the fiscal year ended June 30, 2009. Management of the University of North Dakota Space Technology and Operations Center of Excellence is responsible for the Center's financial accountability and its compliance with those legal and contractual requirements. This agreed-upon procedures engagement was conducted in accordance with the attestation standards established by the American Institute of Certified Public Accountants and fieldwork and reporting standards applicable to attestation engagements as contained in *Government Auditing Standards* of the Comptroller General of the United States of America. The sufficiency of the procedures is solely the responsibility of those parties specified in the report. Consequently, we make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose.

### Procedures and Findings

As of and for the fiscal year ended June 30, 2009:

1. **Procedures Performed:** From the disbursement letter the Center received from OMB, we traced the amount of funding to the receipt of funds in the Center's accounting.

**Findings:** Noted as of June 30, 2009, the Center had received \$115,510 of the \$1,000,000 awarded in the OMB's disbursement letter.

2. **Procedures Performed:** From the annual Functional Review, we reviewed the Cash Match declared in application for COE funding and traced them to supporting documentation and to the accounting records.

**Findings:** Noted as of June 30, 2009, the Center had matched \$0 of the total cash match amount declared in the application of \$840,000.

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3. **Procedures Performed:** From the annual Functional Review, we reviewed the Contributions in Lieu of Cash and In-Kind Contributions declared in the application for COE funding and traced them to documents supporting the value.

**Findings:** Noted as of June 30, 2009, the Center had received \$0 of the total in-kind contributions declared in the application of \$2,380,000.

4. **Procedures Performed:** From the annual Functional Review, we reviewed the private sector jobs created and traced them to supporting documentation.

**Findings:** Not applicable. Based on the review of objective four in the Functional Review, the Center of Excellence did not identify any private sector jobs created for this period.

5. **Procedures Performed:** From the Center's accounting records, we reviewed supporting documentation to determine that interest earned on the award proceeds was retained by the Center.

**Findings:** No findings noted.

6. **Procedures Performed:** From the Center's accounting records, we reviewed a sample of 25 expenditures searching for any noted instances of noncompliance with NDCC 15-69-05.1 (use of funds) and to ensure funds were approved, supported with documentation and spent according to the purposes identified in the application for funding.

**Findings:** Per review of the general ledger detail for this grant, there were only 17 expenditures during the period. All expenditures were reviewed, no findings noted.

7. **Procedures Performed:** We reviewed a sample of 20 items of labor charged to the grant and traced them to supporting effort-reporting documentation.

**Findings:** No findings noted.

8. **Procedures Performed:** We reviewed the timelines that were provided with the application and discussed the actual timeline with management to ensure the Center has properly disclosed material timeline changes in Objective #7 of the Functional Review.

**Findings:** The launch of the first CICERO spacecraft is expected to be at least one year later than anticipated, however the overall expectation for the project's initial 5-year phase appears to be on time. Project timeline change appears to be properly disclosed in Objective #7 of the Functional Review.

9. **Procedure Performed:** We reviewed the scope of the grant that was provided with the application and discussed the actual scope with management to ensure the Center has properly disclosed material scope changes in Objective #9 of the Functional Review.

**Findings:** No substantial variations were noted. No findings noted.

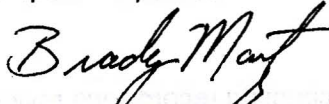


**10. Procedures Performed:** We reviewed business incentive agreements (as defined in NDCC Chapter 54-60.1-02 (2)) provided to a business and valued at \$25,000 or more to report any noted instances of noncompliance with NDCC 54-60.1.

**Findings:** Not applicable, based on the review of the Functional Review, the Center of Excellence did not have any funds from the grant that were given directly to a private sector partner as a business incentive.

We were not engaged to and did not conduct an examination, the objective of which would be the expression of an opinion on compliance. Accordingly, we do not express such an opinion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

This report is intended solely for the information and use of the specified users, as identified above, and is not intended to be and should not be used by anyone other than these specified parties.

A handwritten signature in cursive script, appearing to read "Brady Martz".

BRADY, MARTZ & ASSOCIATES, P.C.

May 11, 2010

**INDEPENDENT ACCOUNTANT'S REPORT ON  
APPLYING AGREED-UPON PROCEDURES  
FOR THE UNIVERSITY OF NORTH DAKOTA  
PETROLEUM RESEARCH, EDUCATION, AND ENTREPRENEURIAL  
CENTER OF EXCELLENCE**

**JUNE 30, 2009**



CERTIFIED PUBLIC ACCOUNTANTS  
AND CONSULTANTS

## INDEPENDENT ACCOUNTANT'S REPORT ON APPLYING AGREED-UPON PROCEDURES

### To the Specified Users of the Report:

University of North Dakota  
Petroleum Research, Education, and Entrepreneurial Center of Excellence  
SBHE  
ND Economic Development Foundation  
ND Legislative Council

We have performed the procedures in Attachment A which were agreed to by the specified users of the report, as identified above, to assist the University of North Dakota Petroleum Research, Education, and Entrepreneurial Center of Excellence in meeting its financial accountability requirements as prescribed by ND Century Code 15-69-05.2 for the fiscal year ended June 30, 2009. Management of the University of North Dakota Petroleum Research, Education, and Entrepreneurial Center of Excellence is responsible for the Center's financial accountability and its compliance with those legal and contractual requirements. This agreed-upon procedures engagement was conducted in accordance with the attestation standards established by the American Institute of Certified Public Accountants and fieldwork and reporting standards applicable to attestation engagements as contained in *Government Auditing Standards* of the Comptroller General of the United States of America. The sufficiency of the procedures is solely the responsibility of those parties specified in the report. Consequently, we make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose.

### Procedures and Findings

As of and for the fiscal year ended June 30, 2009:

1. **Procedures Performed:** From the disbursement letter the Center received from OMB, we traced the amount of funding to the receipt of funds in the Center's accounting.

**Findings:** Noted as of June 30, 2009, the Center had received \$1,110,369 of the \$3,000,341 awarded in the OMB's disbursement letter.

2. **Procedures Performed:** From the annual Functional Review, we reviewed the Cash Match declared in the application for COE funding and traced them to supporting documentation and to the accounting records.

**Findings:** Noted as of June 30, 2009, the Center had matched \$1,000,000 of the total cash match amount declared in the application of \$1,000,000.

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3. **Procedures Performed:** From the annual Functional Review, we reviewed the Contributions in Lieu of Cash and the In-Kind Contributions declared in the application for COE funding and traced them to documents supporting the value.

**Findings:** Noted as of June 30, 2009, the Center had received \$5,537,171 of the total in-kind contributions declared in the application of \$5,537,171.

4. **Procedures Performed:** From the annual Functional Review, we reviewed the private sector jobs created and traced them to supporting documentation.

**Findings:** No findings noted.

5. **Procedures Performed:** From the Center's accounting records, we reviewed supporting documentation to determine that interest earned on the award proceeds was retained by the Center.

**Findings:** No findings noted.

6. **Procedures Performed:** From the Center's accounting records, we reviewed a sample of 25 expenditures to report any noted instances of noncompliance with NDCC 15-69-05.1 (use of funds) and to ensure funds were approved, supported with documentation and spent according to the purposes identified in the application for funding.

**Findings:** No findings noted.

7. **Procedures Performed:** We reviewed a sample of 20 items of labor charged to the grant and traced it to supporting effort-reporting documentation.

**Findings:** No findings noted.

8. **Procedures Performed:** We reviewed the timelines that were provided with the application and discussed the actual timeline with management to ensure the Center has properly disclosed material timeline changes in Objective #6 of the Functional Review.

**Findings:** Project was noted as being on time. No findings noted.

9. **Procedure Performed:** We reviewed the scope of the grant that was provided with the application and discussed the actual scope with management to ensure the Center has properly disclosed material scope changes in Objective #9 of the Functional Review.

**Findings:** No substantial variations were noted. No findings noted.

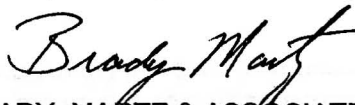
10. **Procedures Performed:** We reviewed business incentive agreements (as defined in NDCC Chapter 54-60.1-02 (2)) provided to a business and valued at \$25,000 or more to report any noted instances of noncompliance with NDCC 54-60.1.



**Findings:** Not applicable, based on the review of the Functional Review, the Center of Excellence had no funds from the grant that were given directly to a private sector partner as a business incentive.

We were not engaged to and did not conduct an examination, the objective of which would be the expression of an opinion on compliance. Accordingly, we do not express such an opinion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

This report is intended solely for the information and use of the specified users, as identified above, and is not intended to be and should not be used by anyone other than these specified parties.

A handwritten signature in black ink, appearing to read "Brady Martz". The signature is fluid and cursive, with the first name "Brady" and last name "Martz" clearly distinguishable.

BRADY, MARTZ & ASSOCIATES, P.C.

May 11, 2010

**INDEPENDENT ACCOUNTANT'S REPORT ON  
APPLYING AGREED-UPON PROCEDURES  
FOR THE UNIVERSITY OF NORTH DAKOTA  
SUNRISE BIOPRODUCTS CENTER OF EXCELLENCE**

**JUNE 30, 2009**



CERTIFIED PUBLIC ACCOUNTANTS  
AND CONSULTANTS

## INDEPENDENT ACCOUNTANT'S REPORT ON APPLYING AGREED-UPON PROCEDURES

To the Specified Users of the Report:  
Sunrise BioProducts Center of Excellence  
SBHE  
ND Economic Development Foundation  
ND Legislative Council

We have performed the procedures in Attachment A which were agreed to by the specified users of the report, as identified above, to assist the University of North Dakota Sunrise BioProducts Center of Excellence in meeting its financial accountability requirements as prescribed by ND Century Code 15-69-05.2 for the fiscal year ended June 30, 2009. Management of the University of North Dakota Sunrise BioProducts Center of Excellence is responsible for the Center's financial accountability and its compliance with those legal and contractual requirements. This agreed-upon procedures engagement was conducted in accordance with the attestation standards established by the American Institute of Certified Public Accountants and fieldwork and reporting standards applicable to attestation engagements as contained in *Government Auditing Standards* of the Comptroller General of the United States of America. The sufficiency of the procedures is solely the responsibility of those parties specified in the report. Consequently, we make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose.

### Procedures and Findings

As of and for the fiscal year ended June 30, 2009:

1. **Procedures Performed:** From the disbursement letter the Center received from OMB, we traced the amount of funding to the receipt of funds in the Center's accounting.

**Findings:** Noted as of June 30, 2009, the Center has received \$983,333 of the total amount awarded in the application of \$2,950,000.

2. **Procedures Performed:** From the annual Functional Review, we reviewed the Cash Match declared in application for COE funding and traced them to supporting documentation and to accounting records.

**Findings:** Noted as of June 30, 2009, the Center has received \$486,250 of the total cash match amount declared in the application of \$525,000.

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3. **Procedures Performed:** From the annual Functional Review, we reviewed the Contributions in Lieu of Cash and In-Kind Contributions declared in application for COE funding and traced them to documents supporting the value.

**Finding**

**Criteria:** The Functional Review information should be accurately completed from supporting information.

**Condition:** The unrecovered indirect costs reported on the Functional Review were \$4,452 less than the amount calculated from supporting records.

**Cause:** No reconciliation was performed between amount reported on the Functional Review and the detailed supporting information.

**Effect:** The Functional Review was not accurate for the unrecovered indirect costs.

**Recommendation:** We recommend management develop a procedure to reconcile all amounts reported on the Functional Review to detailed supporting records.

**Management's View and Corrective Action:** We concur with the findings concerning the unrecovered indirect costs. We are unable to determine the formula used to calculate the indirect cost total. SUNRISE will continue to input this information in the Functional Review. The Grants and Contracts Administration will review the information before final submission to the State for all future reporting.

4. **Procedures Performed:** From the annual Functional Review, we reviewed the private sector jobs created and traced them to supporting documentation.

**Finding**

**Criteria:** The Functional Review information should be accurately completed from supporting information.

**Condition:** The private sector jobs reported on the Functional Review had two more jobs than the amount calculated from supporting records.

**Cause:** No reconciliation was performed between amount reported on the Functional Review and the detailed supporting information.

**Effect:** The Functional Review was not accurate for the private sector jobs created.

**Recommendation:** We recommend management develop a procedure to reconcile all amounts reported on the Functional Review to detailed supporting records.



**Management's View and Corrective Action:** We concur with the findings concerning jobs created. The error was due to the transposition of numbers. The total number of jobs created is 20. SUNRISE will extensively review data entered in the Functional Review to ensure information is correct and accurate for all future reporting.

5. **Procedures Performed:** From the Center's accounting records, we reviewed supporting documentation to determine that interest earned on the award proceeds was retained by the Center.

**Findings:** No findings noted.

6. **Procedures Performed:** From the Center's accounting records, we reviewed a sample of 25 expenditures to report any noted instances of noncompliance with NDCC 15-69-05.1 (use of funds) and to ensure funds were approved, supported with documentation and spent according to the purposes identified in the application for funding.

**Findings:** No findings noted.

7. **Procedures Performed:** We reviewed a sample of 20 labor expenditures charged to the grant and traced it to supporting effort-reporting documentation.

**Findings:** No findings noted.

8. **Procedures Performed:** We reviewed the timelines that were provided with the application and discussed the actual timeline with management to ensure the Center has properly disclosed material timeline changes in Objective #7 of the Functional Review.

**Findings:** The project is currently behind schedule due to the financial crisis occurring in late 2008/early 2009, which has delayed the investment funding into the project. Project timeline change appears to be properly disclosed in Objective #7 of the Functional Review.

9. **Procedure Performed:** We reviewed the scope of the grant that was provided with the application and discussed the actual scope with management to ensure the Center has properly disclosed material scope changes in Objective #10 of the Functional Review.

**Findings:** No substantial variations were noted. No findings noted.

10. **Procedures Performed:** We reviewed business incentive agreements (as defined in NDCC Chapter 54-60.1-02 (2)) provided to a business and valued at \$25,000 or more to report any noted instances of noncompliance with NDCC 54-60.1.

**Findings:** Not applicable, based on the review of objective twelve in the Functional Review and discussion with management, the Center of Excellence did not have any funds from the grant that were given directly to a private sector partner as a business incentive.

We are not engaged to and did not conduct an examination, the objective of which would be the expression of an opinion on compliance. Accordingly, we do not express such an opinion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

This report is intended solely for the information and use of the specified users, as identified above, and is not intended to be and should not be used by anyone other than these specified parties.

A handwritten signature in black ink, appearing to read "Brady Martz", written in a cursive style.

BRADY, MARTZ & ASSOCIATES, P.C.

May 11, 2010